

PHAMALY THEATRE COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

July 27, 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Phamaly Theatre Company
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Phamaly Theatre Company**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phamaly Theatre Company as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Phamaly Theatre Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Phamaly Theatre Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phamaly Theatre Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Phamaly Theatre Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Phamaly Theatre Company's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

PHAMALY THEATRE COMPANY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Assets</u>		
Cash and cash equivalents	\$ 1,142,347	\$ 721,299
Grants receivable (Note 3)	270,240	42,500
Prepaid expenses	46,128	5,252
Net property and equipment (Note 4)	16,955	22,618
Investments (Note 5)	16,884	-
Beneficial interest in assets held by others (Note 6)	101,370	97,224
	\$ 1,593,924	\$ 888,893
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accrued payroll costs	\$ 31,285	22,522
Accounts payable	757	748
Capital lease obligations (Note 7)	10,704	13,520
Commitments (Note 8)		
	\$ 42,746	36,790
<u>Net assets</u>		
Without donor restrictions	\$ 1,071,209	666,754
With donor restrictions (Note 9)	479,969	185,349
	1,551,178	852,103
Total net assets		
	\$ 1,593,924	\$ 888,893

The accompanying notes are an integral part of these financial statements

PHAMALY THEATRE COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 149,576	\$ 479,740	\$ 629,316	\$ 314,197
Government grants	307,003	15,000	322,003	18,500
SCFD	69,536	82,359	151,895	127,498
Contributions	127,440	-	127,440	67,505
Ticket sales	64,767	-	64,767	17,033
Corporate support	42,123	8,000	50,123	14,364
Investment income	897	8,653	9,550	10,756
Program fees	7,460	-	7,460	5,238
Special events income	-	-	-	65,560
Paycheck Protection Program loan forgiveness	-	-	-	59,700
Other revenue	-	-	-	738
In-kind contributions (Note 10)	1,000	-	1,000	-
Net assets released from restrictions (Note 11)	278,132	(278,132)	-	-
Total revenue and other support	<u>1,047,934</u>	<u>315,620</u>	<u>1,363,554</u>	<u>701,089</u>
<u>Expense</u>				
Program services	445,255	-	445,255	414,194
Supporting services				
Management and general	142,356	-	142,356	111,450
Fund-raising	76,868	-	76,868	104,039
Total expense	<u>664,479</u>	<u>-</u>	<u>664,479</u>	<u>629,683</u>
Change in net assets	383,455	315,620	699,075	71,406
Net assets, beginning of year	<u>687,754</u>	<u>164,349</u>	<u>852,103</u>	<u>780,697</u>
Net assets, end of year	<u>\$ 1,071,209</u>	<u>\$ 479,969</u>	<u>\$1,551,178</u>	<u>\$ 852,103</u>

The accompanying notes are an integral part of these financial statements

PHAMALY THEATRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	<u>Supporting Services</u>				
	<u>Theatre Arts</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 185,155	\$ 80,486	\$ 54,544	\$ 320,185	\$ 282,141
Payroll taxes and benefits	36,294	15,943	10,804	63,041	50,572
Production staff	56,180	-	-	56,180	65,545
Actor stipends	41,945	-	-	41,945	61,822
Production venues	34,715	-	-	34,715	10,354
Rent	18,436	8,098	5,489	32,023	29,824
Professional fees	-	22,969	-	22,969	14,403
Advertising and promotion	17,138	-	1,650	18,788	34,638
Staging expenses	18,035	-	-	18,035	12,932
Accessibility	9,838	-	-	9,838	5,126
Technology	4,209	1,503	1,181	6,893	7,539
Insurance	3,551	1,559	1,057	6,167	9,044
Performance rights and royalties	5,829	-	-	5,829	9,683
Office supplies and equipment	2,420	1,063	721	4,204	2,772
Bank and merchant fees	3,465	738	-	4,203	3,543
Travel	2,794	-	-	2,794	-
Storage facility	1,515	666	451	2,632	2,370
Professional development	-	2,183	-	2,183	25
Dues	-	1,972	-	1,972	870
Equipment rental and maintenance	-	1,971	-	1,971	2,111
Grant writing	-	-	-	-	8,765
Loss on disposal of fixed asset	-	-	-	-	6,882
Miscellaneous	476	1,773	-	2,249	3,325
	<u>441,995</u>	<u>140,924</u>	<u>75,897</u>	<u>658,816</u>	<u>624,286</u>
Depreciation	<u>3,260</u>	<u>1,432</u>	<u>971</u>	<u>5,663</u>	<u>5,397</u>
Total expenses	<u>\$ 445,255</u>	<u>\$ 142,356</u>	<u>\$ 76,868</u>	<u>\$ 664,479</u>	<u>\$ 629,683</u>

The accompanying notes are an integral part of these financial statements

PHAMALY THEATRE COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 699,075	\$ 71,406
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,663	5,397
(Gain) loss on endowment	4,646	(10,273)
(Gain) loss on investments	(41)	-
Loss on disposal of fixed asset	-	6,882
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts and grants receivable	(227,740)	97,500
(Increase)decrease in prepaid expenses	(40,876)	64,529
Increase(decrease) in accounts payable	9	(1,765)
Increase(decrease) in deferred contract revenue	-	(2,920)
Increase(decrease) in payroll accruals	8,763	3,614
Net cash provided by operating activities	449,499	234,370
 <u>Changes in investing activities</u>		
Withdrawals from assets held by others	4,507	4,418
(Purchase) of investments	(16,012)	-
(Reinvestment) of dividends and interest from assets held by others	(13,299)	(435)
(Reinvestment) of dividends and interest	(831)	-
Net cash used by investing activities	(25,635)	3,983
 <u>Changes in financing activities</u>		
Borrowing (payments) on capital lease liability	(2,816)	(2,436)
Net increase in cash and cash equivalents	421,048	235,917
Cash and cash equivalents, beginning of year	721,299	485,382
Cash and cash equivalents, end of year	<u>\$ 1,142,347</u>	<u>\$ 721,299</u>
 Supplemental disclosure of information:		
Cash paid during the period for interest	<u>\$ 735</u>	<u>\$ 817</u>
 Property purchased under a capital lease	<u>\$ -</u>	<u>\$ 15,957</u>

The accompanying notes are an integral part of these financial statements

PHAMALY THEATRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

Phamaly Theatre Company (the Organization) was incorporated as a non-profit corporation in the state of Colorado. Its mission is to be a creative home for theatre artists with disabilities; to model a disability affirmative theatrical process; and to upend conventional narratives by transforming individuals, audiences, and the world. Each year, the Organization serves thousands of individuals through its productions, professional development opportunities, and community outreach. Through its innovative programming, the Organization advances the social narrative of disability to effect greater inclusion, participation, and respect for people with disabilities in all facets of society.

The financial impact and uncertainty of COVID-19 continues to be significant. The Organization has been working diligently, adjusting its programming to create community for its artists and stakeholders in the safest way possible while seeking and maximizing any and all funding opportunities. The Organization has intentionally worked to provide opportunities for theatre artists living with disabilities to connect and develop their craft as the pandemic has continued far longer than foreseen.

By eliminating all non-essential expenses and working to secure alternative funding, the Organization continues to be financially stable. In addition, prior to the pandemic, the Organization's leadership and staff made significant progress toward organizational sustainability. This work has allowed the Organization to move forward as financial losses were incurred due to cancelled or delayed programming. However, the Organization's sustainability is now much more fragile due to the realized and anticipated losses, making the support through philanthropic programs more important than ever.

The Organization is supported primarily through foundations, government grants and SCFD contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation (Concluded)

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed asset must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended December 31, 2021, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses are charged to programs and supporting services based on specific identification when applicable. Salary expenses that relate to more than one program or support activity are allocated based on the estimated number of hours each employee spends on each of the program and supporting service activities. Other expenses, such as rent, technology, office supplies and expense, and insurance, which relate to more than one program or support activity are allocated based on salary expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

8. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Input other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

9. Investments

The Organization records investment purchases at cost, or if donated, at fair value at the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

10. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

11. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

12. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Additionally, management has determined that net assets with donor restrictions needed to be reclassified in the prior year to capture time restrictions on two multi-year awards.

13. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met. Special event revenue is equal to the cost of direct benefit to donors with contributions revenue as the difference. Program fees, including ticket sales, from productions are recognized as revenue when the productions take place. All goods and services are transferred at a point in time.

14. Subsequent Events

Management has evaluated subsequent events through July 27, 2022, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

At year-end, the Organization had two commitments from various funders for future funding. Management has evaluated both commitments and does not believe an allowance for doubtful accounts is necessary. Amounts to be received are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 167,000
2023	<u>116,000</u>
	283,000
Less: unamortized discount at 6%	<u>(12,760)</u>
Total	<u>\$ 270,240</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Production and stage equipment	\$ 27,529
Leased copiers	<u>15,957</u>
Total	43,486
Less: accumulated depreciation	<u>(26,531)</u>
Net property and equipment	<u>\$ 16,955</u>

Depreciation expense for the year was \$5,663.

NOTE 5 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Amount</u>
Equities	\$ 10,709	\$ -	\$ -	\$ 10,709
Cash and cash equivalents	619	-	-	619
Fixed income	-	3,707	-	3,707
Alternatives	-	-	1,826	1,826
Other assets	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Total	<u>\$ 11,328</u>	<u>\$ 3,707</u>	<u>\$ 1,849</u>	<u>\$ 16,884</u>

Investment account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Beginning balance	\$ -
Additions	16,012
Interest and dividend income	831
Net realized and unrealized gain(loss) on investments	<u>41</u>
Net investment return	872
Ending balance	<u>\$ 16,884</u>

Additionally, during the year, the Organization earned interest income of \$25 on its operating cash accounts.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2014, the Organization established an Endowment Fund (the Fund) at the Community First Foundation (the Foundation), with an initial irrevocable gift of \$26,000, to provide ongoing support for the Organization. Since the Organization's initial transfer, an additional \$77,648 has been transferred to the Foundation in addition to a \$10,338 match by the Foundation.

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundation's asset allocation. The investment returns are based upon the Foundation's returns for commingled investments. The assets held in the endowment are classified in Level 3 of the fair value measurements hierarchy as the value of the interest is independently determined by the Foundation.

Terms of the Endowment Agreement

The Organization granted variance power to the Foundation. The terms of the variance power granted by the Organization, as stated in the fund agreement are that "The Board of Directors of the Foundation shall have the power to modify any restriction or condition on the distribution of the Fund if, in the sole judgment of such Board of Directors such restriction (without the necessity of the approval of any participating trustee, custodian, or agent) such restriction or condition becomes, in effect, unnecessary, undesirable, incapable of fulfillment or fundamentally inconsistent with the charitable needs of the communities and areas that the Foundation serves."

The amount available for distribution is equal to 5% per year, distributed no more frequently than annually, of the average of the net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made (or such lesser number of calendar years as there may be between the date of the transfer of the initial Contribution to the Foundation and the year for which the distribution is being made). The Organization's right to a distribution for any calendar year shall not be cumulative. If the Organization receives less than previously described annual distribution on a calendar basis, then the Organization shall not be entitled to request a distribution of such undistributed amount in any subsequent year. The fund is held and invested by the Foundation for the Organization benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Classification of Endowment Assets

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As a result, the Organization classifies the value of all gifts restricted by the donor for the endowment as restricted for perpetuity, and the net appreciation on these assets as restricted for time and released according to the Foundation's spending policy. In addition, management has interpreted that the terms embedded in the Foundation's endowment agreement creates implied restrictions on all the funds held by the Foundation, and in as much, the appreciation on endowment assets contributed per the Board's direction are also classified as having donor restrictions because these funds are co-mingled with donor-restricted funds, and also subject to the Foundation's spending policy.

The endowment fund is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities as a change in the beneficial interest in assets held by others.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Concluded)

Activity in the Fund as reported by the Foundation are as follows:

<u>Description</u>	<u>2021</u>
Beginning balance	\$ 97,224
Net realized and unrealized gain(loss) on investment	7,514
Investment income	2,139
Less: management fees	<u>(1,000)</u>
Net investment return	8,653
Less: amounts appropriated for expenditure	<u>(4,507)</u>
Balance, end of year	<u>\$ 101,370</u>

NOTE 7 - CAPITAL LEASE OBLIGATION

The Organization has acquired a copier under capital leasing arrangements. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2022	\$ 3,551
2023	3,551
2024	3,551
2025	<u>1,183</u>
Total payments	11,836
Less: amount representing interest	<u>(1,132)</u>
Present value of capital lease obligations	<u>\$ 10,704</u>

NOTE 8 - COMMITMENTS

Beginning January 1, 2020, the Organization entered into a 5-year office lease commitment for 2,066 of rentable square feet. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2022	\$ 33,056
2023	33,572
2024	<u>34,089</u>
Total	<u>\$ 100,717</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted nets assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Time restricted	\$ 286,240
Donor restricted endowment	101,370
Phamaly-friendly production and mini tour	82,359
2022 productions	<u>10,000</u>
Total	<u>\$ 479,969</u>

NOTE 10 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated values at date of receipt. Donated services consist of:

<u>Description</u>	<u>Amount</u>
Alice in Wonderland filming (20% discount valued at \$1,000)	<u>\$ 1,000</u>

No amounts for non-specialized services are included as contributions in the financial statements. During 2021, the Organization involved an estimated 70 part-time volunteers.

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Time restriction	\$ 147,000
2021 Productions	89,500
Spring 2021 Production – CoronaVox	20,000
Summer 2021 Production – Alice in Wonderland	10,000
Technology grant	7,125
Distribution from donor restricted endowment	<u>4,507</u>
Total	<u>\$ 278,132</u>

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,142,347
Grants receivable	270,240
Beneficial interest in assets held by others	101,370
Other investments	<u>16,884</u>
Total financial assets	\$ 1,530,841
Less: amounts not available for general expenditures within one year, due to:	
Donor restricted endowment (less 2022 distribution)	(96,545)
Grants receivable – due after one year, net	<u>(103,240)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 1,331,056</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$325,000). Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.